

## PROPOSAL TO CONDUCT SMALL SCALE MINING ON SITLA LANDS

At the present time we own leases to section 36 T 8 S R 16 E SLM, section 32 T 8 S R 17 E and will be leasing section 2 T 8 S R 17 E, all of which are on SITLA administered lands. The mineral deposits within these boundaries consist of copper, molybdenum, silver and uranium. The copper, molybdenum and silver are of ore grade and the accompanying uranium mineralization is generally of sub ore grades. Many of these deposits are at or within 3-4 feet of the surface and range in size from a few tons to greater than a thousand tons. Outcrops of this form of mineralization extend for miles and are unknown whether additional ore zones extend at depth. We are planning to drill these deposits in the near future but, it seems prudent to execute an experimental mining trial of surface exposures to prove economic feasibility, hence the purpose of this letter.

We have submitted bulk samples to Hazen Research labs of Golden, Colorado to explore the feasibility of sequential and selective leaching of these ore minerals on site within a portable closed circuit plant utilizing the minimum of equipment. It is our intent to experimentally mine surface exposures, concentrate and or leach these ores on site in an attempt to determine economic feasibility of this scheme of mining and ore treatment. The total disturbed mining area will be less than one acre of land with the processing equipment remaining in situ covering also less than one acre of land adjacent to or central to the aggregate total of all surface exposures. Numerous oilfield roads are present in the areas of interest and no new roads need be built. All mining sites are readily accessible by cross-country travel. The plant will be placed on flat open non-vegetated terrain on a naturally occurring exposed clay bed. Mining will consist of cut and fill methods in which overburden will be pushed off underlying ore, the ore will then be mined and the overburden replaced over the mined area thereby reclaiming the site as mining moves to adjacent site to the latter. Each cut will measure approximately 100 feet long by 25 feet wide dependent on the size and shape of the ore exposures. This form of mining implements the minimum of surface exposure and rapid mining and reclamation. Processed tailings will be incorporated in reclamation cover and fill. Processed ore will be hauled and stored off site for later treatments, upgrading and sale.

A record of all mining, treatment and tonnage and grades of ore will be available to State agencies of interest and royalties paid upon sale to ore buyers either foreign and domestic. Uranium values will not be sold to any foreign nations. Following is list of equipment to be utilized in this mining operation.

- 1- 1 300 bbl water storage tank for ore washing / leaching.
- 2- 4 self dumping, 25 ton capacity, polyurethane lined pachuca tanks for ore washing /leaching.
- 3- 100 ton capacity water settling/reclamation tank to recycle used water in ore washing and to reclaim bentonite and tailings for reclamation.
- 4- 2 rotating sluices for concentrating/washing ore.
- 5- 1 one-ton gravity stamp for crushing ore.
- 6- 1 set of double rolls for grinding ore.
- 7- 1 three deck-vibrating screen and grizzly for screening and sizing and screening overburden sand.

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- 8- 1 bulldozer for piling overburden, ripping underlying ore and reclaiming overburden rock and sand.
- 9- 1 backhoe/track hoe for digging and loading ore into ore bins.
- 10- 1 gin truck to set up mining equipment and to haul ore bins which act as a dump truck.
- 11- 2 ore/concentrate ore elevators to load pachuca tanks.
- 12- 1 300 cfm air compressor.
- 13- 1 welder.
- 14- 1 electrical generator.
- 15- 2 self-contained trailers for camp.

All mining and milling equipment will be portable for both experimental mining and full-scale mining activities should our experimental trials prove profitable. No long term environmental impacts are envisioned or expected.

G.R. Conn et al  
8/21/07

Paul;

This is the generalized outline.

From the photos you can see the ore

horizons are easily accessed and

surface mining will have little long term  
impact,